PRESS RELEASE

Comprehensive Assessment

Disclosure of the results of the Comprehensive Assessment

BPM’s Group presents an excess capital equal to Euro 713 million following the capital strengthening measures carried out in the first half 2014

Milan, 26 October 2014 – Banca Popolare di Milano S.c. a r.l. ("BPM" or the "Bank") announces that the European Central Bank ("ECB") has published today the results of the Comprehensive Assessment conducted by ECB, in cooperation with the National Competent Authorities, on the major European banking groups including BPM.

The Comprehensive Assessment – started in November 2013 and completed in October 2014, prior to the entry into force of the Single Supervisory Mechanism ("SSM") – encompasses the following two main pillars; the results of such two pillars were joined up by ECB for the disclosure of the final results of the Comprehensive Assessment:

- an asset quality review ("Asset Quality Review") to enhance the transparency of bank exposures by reviewing the quality of banks’ assets, including the adequacy of asset and collateral valuation and related provisions; and
- a stress test, performed in close cooperation with the European Banking Authority ("EBA"), to examine the resilience of banks’ balance sheet to stress scenarios within the period 2014-2016 ("Stress Test"); the results of the Stress Test were published today by EBA.

In order to properly understand and appreciate the results of the Comprehensive Assessment, it should be noted that:

- the results of the Comprehensive Assessment make reference to 31 December 2013 as the relevant date and underline a capital shortfall (please see the table below – Column D "Max Shortfall");
- in the period from 1 January 2014 to 30 September 2014, BPM carried out additional capital measures that have to be taken into account in order to fully and correctly evaluate its updated capital adequacy;
- among the aforesaid capital measures, ECB mentions separately only the Euro 500 million rights issue concluded by the Bank on May 2014 and the supervening different treatment (according to legislation) of the stake held by BPM in the capital of the Bank of Italy (including its revaluation) (please see the table below – Column E);
- with reference to the amount of Euro 879 million included in Column H of the table of the press release issued by the Bank of Italy, it has to be highlighted that BPM’s Group has profited therefore from (i) the full removal of the add-ons(1), approved by the Bank of Italy on 24 June

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(1) As already disclosed to the market, the add-ons were imposed by the Bank of Italy to BPM following the regulatory inspections carried out on the Bank in the period between September 2010 and March 2011 and determined the following additional measures to be applied by
2014, and (ii) the sale of a stake in the share capital of Anima Holding S.p.A. (please see the table below – Column H); such capital measures increased significantly the Common Equity Tier I ratio of BPM’s Group.

Please note that the results of the Comprehensive Assessment (i) do not require changes in the balance sheet classifications that were adopted by BPM in accordance with applicable international financial reporting standards and (ii) are not forecast and, accordingly, are not representative of BPM’s Group future financial position.

In addition to the information set out in the press release issued today by the Bank of Italy, the table below (i) provides details of BPM’s capital measures after 31 December 2013 and (ii) on the basis of the above, shows BPM’s capital position that, after the completion of the Comprehensive Assessment, presents an excess capital equal to Euro 713 million (please see the table below – Column I).

<table>
<thead>
<tr>
<th>Calculation mode</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro millions</td>
<td>-482</td>
<td>-647</td>
<td>-684</td>
<td>-684</td>
<td>518</td>
<td>-165</td>
<td>36</td>
<td>879</td>
<td>713</td>
</tr>
</tbody>
</table>

(*) On 31 December 2013, before the impact of the Comprehensive Assessment, the CET1 ratio of the BPM’s Group was equal to 7.29%, 71 basis points below the 8% threshold, equivalent to a capital shortfall of Euro 308 million. Consequently, shortfalls arising from the AQR and the Stress Test must be netted by the shortfall of Euro 308 million already existing at the end of 2013.

(**) Other capital strengthening measures refer to the removal of the add-on - which corresponds to Euro 646 million of capital - and the sale of a stake in Anima Holding S.p.A., which corresponds to Euro 233 million of capital.

The Managing Director, Giuseppe Castagna, commented with satisfaction the results of the Comprehensive Assessment both in terms of the outcomes emerged from the Asset Quality Review and in terms of the Group’s capital position following the Stress Test and the actions already undertaken and described above; Giuseppe Castagna underlined that such results “derived from a severe and rigorous test conducted by the Authorities, are in line with our expectations, confirm – taking into account the limited impact of the AQR – the validity of the provisioning policies implemented so far and therefore allow the Group to carry on with the actions and the projects of development set forth in the Business Plan. The Group’s capital strength may further benefit from the effects of the adoption of the advanced internal rating models”.

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The press releases issued today by ECB and EBA are available respectively on the web sites www.ecb.europa.eu e www.eba.europa.eu; the press release issued today by Bank of Italy is available on the web site www.bancaditalia.it.

BPM when calculating its capital ratios, from 30 June 2011 to 30 June 2014; (i) the non-eligibility of mortgage guarantees on residential and non-residential real estate; (ii) an increase of one-third on the weighting coefficients with respect to loans to construction and real estate companies and funds; and (iii) an increase of 100% of the capital requirement for operational risks.
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